

RESOLUTION NO. 10-27

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$30,000,000 CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK VARIABLE RATE DEMAND REVENUE BONDS (BUCK INSTITUTE FOR AGE RESEARCH) SERIES 2010 TO PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES FOR THE BENEFIT OF BUCK INSTITUTE FOR AGE RESEARCH, PROVIDING THE TERMS AND CONDITIONS OF THE SALE AND ISSUANCE OF SAID BONDS AND OTHER MATTERS RELATING THERETO; AND APPROVING AMENDMENTS TO BOND DOCUMENTS RELATED TO THE SUBSTITUTION OF A LETTER OF CREDIT FOR THE \$55,600,000 CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2001 (BUCK INSTITUTE FOR AGE RESEARCH) AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, the California Infrastructure and Economic Development Bank (the "Bank") was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (the "Act"), for the purpose of promoting economic development; and

WHEREAS, the Bank is authorized to issue tax-exempt revenue bonds to provide financing for economic development facilities (as such term is defined in the Act) located in the State of California; and

WHEREAS, on December 18, 2001, the Bank issued its \$55,600,000 Variable Rate Demand Revenue Bonds, Series 2001 (Buck Institute for Age Research) (the "2001 Bonds") pursuant to a First Amended and Restated Indenture, dated as of December 18, 2001 (the "2001 Indenture"), by and between the Bank and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "2001 Trustee"); and

WHEREAS, the Bank loaned the proceeds of the 2001 Bonds to the Buck Institute for Age Research, a California nonprofit public benefit corporation (the "Borrower"), pursuant to a First

Amended and Restated Loan Agreement, dated as of December 18, 2001, by and between the Bank and the Borrower; and

WHEREAS, the Borrower has submitted an application to the Bank for assistance in (a) financing the design, planning, permitting, construction and general development of certain research facilities of the Corporation, and facilities necessary or desirable in connection therewith, to be owned and operated by and for the benefit of the Borrower and to be located at 8001 Redwood Boulevard, Novato, California 94945 (the "2010 Project"), (2) refinancing a portion of the 2001 Bonds, which were used to finance certain research facilities of the Borrower (the "2001 Project" and, together with the 2010 Project, the "Project"), (3) funding capitalized interest for the bonds, and (4) paying certain costs of the Project, including costs of issuance of bonds; and

WHEREAS, the Borrower has represented that it intends to use the facilities of the Project as a research facility, which operation is consistent with the definition of an economic development facility in the Act and that the Project will be consistent with any existing local or regional comprehensive plan; and

WHEREAS, for these purposes, the Borrower has requested the Bank to (a) authorize the issuance of tax-exempt obligations in an aggregate principal amount not to exceed \$30,000,000, entitled California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds (Buck Institute for Age Research) Series 2010 (the "2010 Bonds"), (b) provide for the sale of the 2010 Bonds, (c) provide for the loan of proceeds of the 2010 Bonds to the Borrower to finance or refinance the costs of the Project, as applicable, (d) provide for the payment of the principal of, premium, if any, and interest on the 2010 Bonds with revenues derived from the

Borrower's repayment of that loan, and (e) take and authorize certain other actions in connection with the foregoing; and

WHEREAS, the Borrower has represented that it has obtained a commitment from U.S. Bank National Association (the "Purchaser") to purchase the 2010 Bonds in a private placement transaction; and

WHEREAS, consistent with the Bank's policies, (a) the Purchaser will certify that it is a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1993, as amended (the "Securities Act"), (b) the Purchaser will sign a "sophisticated investor" letter acceptable to the Bank, (c) the 2010 Bonds will be subject to resale limitations that limit the transfer or sale of the 2010 Bonds by the Purchaser to other "qualified institutional buyers" or "accredited investors" within the meaning of Rule 501 promulgated under the Securities Act, and (d) the remarketing, sale or transfer of the 2010 Bonds to holders other than the Purchaser, whether in a "Flex Private Placement Rate Period" or a weekly or fixed interest rate period, are similarly restricted, unless the Bonds are rated at least "A3" from Moody's Investors Service, or "A-" from Standard & Poor's or Fitch Ratings, or the Borrower has obtained an irrevocable direct pay letter of credit issued by a bank with sufficient ratings in order to support such a rating on the Bonds; and

WHEREAS, because the 2010 Bonds will be sold directly to the Purchaser, the transaction will not be rated by any rating agency; and

WHEREAS, the Bank may not issue the 2010 Bonds to assist in financing and refinancing the Project until the Board of Directors of the Bank (the "Board") makes certain determinations relating to the Project as required by the Act; and

WHEREAS, the payment of principal of and interest on the 2001 Bonds is supported by a direct-pay letter of credit (the “Prior Credit Facility”) issued severally and not jointly by The Bank of New York Mellon and California State Teachers’ Retirement System (collectively, the “Prior Credit Providers”); and

WHEREAS, pursuant to Section 5.8 of the Prior Loan Agreement, the Borrower has elected to exercise its option to provide for the delivery of an Alternate Letter of Credit in the form of an irrevocable direct-pay letter of credit (the “Credit Facility”) issued by U.S. Bank National Association (the “Credit Provider”), which will cause the 2001 Bonds to be subject to mandatory tender for purchase on the effective date of the Credit Facility pursuant to Section 4.06 of the 2001 Indenture; and

WHEREAS, the Borrower has represented that, upon substitution of the Credit Facility for the Prior Credit Facility, it expects a rating on the 2001 Bonds of at least “Aa3/P-1” from Moody’s Investors Service and “A+/A-1+” from Standard & Poor’s Ratings Service; and

WHEREAS, the Bank has been requested by the Borrower to authorize and undertake to amend and restate the Prior Loan Agreement in the form of a Second Amended and Restated Loan Agreement between the Bank and the Borrower (the “Second Amended 2001 Loan Agreement”), and to authorize and undertake to amend the 2001 Indenture through the execution and delivery of a First Supplemental Indenture (the “First Supplemental 2001 Indenture”) between the Bank and the 2001 Trustee, each of which will become effective upon the remarketing of the 2001 Bonds with the Credit Facility; and

WHEREAS, the amendments effected by the Second Amended 2001 Loan Agreement and the First Supplemental 2001 Indenture require consent by the Credit Provider and the holders of the 2001 Bonds, which consents the Borrower has represented that it expects to obtain; and

WHEREAS, there is now on file with the Secretary of the Board ("Secretary") the following:

(a) a proposed form of a loan agreement to be entered into by and between the Bank and the Borrower providing for the loan of the proceeds of the 2010 Bonds to the Borrower (the "2010 Loan Agreement");

(b) a proposed form of a trust indenture to be entered into between the Bank and U.S. Bank National Association, as trustee (the "2010 Trustee"), providing for the authorization and issuance of the 2010 Bonds to be dated the date of delivery thereof (the "2010 Indenture");

(c) a proposed form of a bond purchase contract to be entered into by and among the Bank, the Treasurer of the State of California, the Purchaser, and the Borrower, providing for the sale of the 2010 Bonds to the Purchaser (the "2010 Purchase Contract");

(d) a proposed form of a tax agreement between the Bank and the Borrower, concerning the exclusion of interest on the 2010 Bonds from gross income for federal income tax purposes (the "2010 Tax Agreement");

(e) a proposed form of the Second Amended 2001 Loan Agreement; and

(f) a proposed form of the First Supplemental 2001 Indenture.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank as follows:

Section 1. The above recitals are true and correct.

Section 2. Pursuant to Sections 63046 and 63047 of the Act, and based upon the representations of the Borrower, the Board of Directors of the Bank hereby finds and determines as follows:

- a. The Project is located in the State of California.
- b. The Borrower is capable of meeting its payment obligations under the 2010 Loan Agreement and the Second Amended 2001 Loan Agreement as approved by this resolution, which finding is based in particular on the Borrower's ability to satisfy the requirements imposed by the Purchaser and the Credit Provider, respectively.
- c. The Borrower is capable of meeting the other obligations incurred by the Borrower under the agreements approved by this resolution.
- d. The payments to be made by the Borrower to the Bank under the 2010 Loan Agreement and the Second Amended 2001 Loan Agreement as approved by this resolution are adequate to pay the current expenses of the Bank in connection with the financing and to make all the payments on the 2010 Bonds and the 2001 Bonds.
- e. The proposed financing is appropriate for the Project.
- f. The Project is consistent with any existing local or regional comprehensive plan.

Section 3. Based on the information provided and representations made by the Borrower, the Board hereby finds and determines that the Project demonstrates clear evidence of a defined public benefit in that (i) economic benefits will be derived from the generation of economic activity in connection with the construction and operation or continued operation of the facilities, including the creation of temporary jobs during the construction phase and permanent jobs during the operation of the facilities, (ii) educational benefits will be derived from the advancement of biomedical research and graduate-level education in the life sciences and health professions, and (iii) societal and economic benefits will be derived from stem cell research that will improve the California healthcare system and reduce the long-term health cost burden on California through therapies that treat diseases and injuries with the ultimate goal to cure them.

Section 4. The Bank authorizes and approves the loan of the proceeds of the 2010 Bonds to the Borrower in order to finance and refinance the Project pursuant to the terms and provisions of the 2010 Loan Agreement as approved by this resolution. The proposed form of 2010 Loan Agreement on file with the Secretary of the Board of Directors (the "Secretary") is

hereby approved, and the Executive Director of the Bank (the “Executive Director”), the Chair of the Board, or the Chair’s designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver a loan agreement to the Borrower in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank’s counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The Secretary is authorized to attest to the execution of the 2010 Loan Agreement.

Section 5. The proposed form of 2010 Indenture on file with the Secretary is hereby approved, and the Executive Director, the Chair of the Board, or the Chair’s designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver the 2010 Indenture to the 2010 Trustee in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank’s counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The Secretary is authorized to attest to the execution of the 2010 Indenture.

Section 6. The proposed form of 2010 Purchase Contract on file with the Secretary is hereby approved, and the Executive Director, the Chair of the Board, or the Chair’s designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and deliver to the Purchaser, the Treasurer, and the Borrower the 2010 Purchase Contract in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official

executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The Treasurer of the State of California, as agent for sale of the Bank's bonds, is hereby requested to sell the 2010 Bonds to the Purchaser at negotiated sale, at such prices and at such initial interest rates as he may determine in accordance with the 2010 Indenture. Notwithstanding Section 63074(d) of the Act to the contrary, such sale may take place at any time within one hundred eighty (180) days of the adoption of this resolution or at such later date approved by the Executive Director which is not later than the date three hundred sixty (360) days of the adoption of this resolution.

Section 7. The proposed form of 2010 Tax Agreement on file with the Secretary is hereby approved and the Executive Director, the Chair of the Board or the Chair's designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute and deliver to the Borrower and counsel to the Bank the 2010 Tax Agreement in substantially said form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The proposed form of Second Amended 2001 Loan Agreement on file with the Secretary is hereby approved, and the Executive Director, the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver a loan agreement to the Borrower in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with

the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The Secretary is authorized to attest to the execution of the Second Amended 2001 Loan Agreement.

Section 9. The proposed form of First Supplemental 2001 Indenture on file with the Secretary is hereby approved, and the Executive Director, the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver a supplemental indenture to the 2001 Trustee in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The Secretary is authorized to attest to the execution of the First Supplemental 2001 Indenture.

Section 10. The Bank approves the issuance on a tax-exempt basis of not to exceed \$30,000,000 aggregate principal amount of the 2010 Bonds for the Project in accordance with this resolution and the terms of and to be secured by the 2010 Indenture. Payment of the principal of, premium, if any, and the interest on, the 2010 Bonds shall be made solely from the revenues to be received by the Bank pursuant to the Loan Agreement and the 2010 Indenture, and payment of the purchase price of the 2010 Bonds shall be payable solely from the proceeds of the 2010 Bonds and amounts made available therefore under the 2010 Indenture, and said 2010 Bonds shall not be deemed to constitute a debt or liability of the State of California or the Bank except, as to the Bank to the limited extent provided in the 2010 Indenture. Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of the principal or purchase price of, or premium, if any, or interest on, the 2010 Bonds. The 2010 Bonds shall be dated the date of their

issuance and shall be paid in lawful money of the United States at the time or times and place or places provided in the 2010 Indenture. The 2010 Bonds shall be in the form and the denominations as provided in the 2010 Indenture, mature on the date or dates provided in the 2010 Indenture which shall be not later than 30 years from the date of issuance thereof, be subject to redemption as provided in the 2010 Indenture, shall carry the registration privileges provided in the 2010 Indenture and shall bear interest at a variable rate to be determined in accordance with the 2010 Indenture, which rate shall not exceed 12% per annum. The Bank approves the issuance of the 2010 Bonds without a credit rating, provided that the 2010 Bonds are sold directly to the Purchaser in a private placement transaction, and are subject to such conditions and resale restrictions as are consistent with this resolution.

Section 11. The Executive Director, the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute, by manual or facsimile signature, the 2010 Bonds in an aggregate principal amount not to exceed the amount authorized hereunder in accordance with the terms of this resolution and the 2010 Indenture and in the form set forth in the 2010 Indenture.

Section 12. The 2010 Bonds, when executed as provided in this resolution, shall be delivered to the 2010 Trustee for authentication by the 2010 Trustee pursuant to the 2010 Indenture. The 2010 Trustee is hereby requested and directed to authenticate the 2010 Bonds by executing the 2010 Trustee's certificate of authentication appearing thereon. The 2010 Trustee is hereby requested and directed to deliver the 2010 Bonds, when duly executed and authenticated, to the Purchaser or to The Depository Trust Company, New York, New York (the "Depository") on behalf of the Purchasers in accordance with written instructions executed on behalf of the Bank by the Executive Director, the Chair of the Board, or the Chair's designee, which instructions each

signatory, acting singly, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and to deliver to the 2010 Trustee. Such instructions shall provide for the delivery of the 2010 Bonds to the Purchaser or to the Depository, on behalf of the Purchaser, upon payment of the purchase price therefor.

Section 13. The Executive Director, the Chair of the Board or the Chair's designee, each acting alone, is hereby authorized to execute and deliver any and all certificates and instruments, including without limitation letters of representations and certifications of authority, which they or counsel to the Bank may deem necessary or advisable to consummate the issuance, sale and delivery of the 2010 Bonds and the amendment of documents relating to the 2001 Bonds and otherwise to effectuate the purpose of this resolution.

Section 14. All actions heretofore taken by the officers and employees of the Bank with respect to the approval, issuance and sale of the 2010 Bonds and the approval and amendment of documents relating to the 2001 Bonds are hereby approved, confirmed and ratified. The officers of the Bank and their authorized designees, deputies, agents and counsel are hereby authorized and directed, jointly and severally, to perform their duties and to execute and deliver any and all certificates which they, counsel to the Bank may deem necessary or advisable in order to consummate the issuance, sale and delivery of the 2010 Bonds and the approval and amendment of documents relating to the 2001 Bonds and otherwise to effectuate the purposes of this resolution.

Section 15. This resolution shall take effect immediately upon its passage.

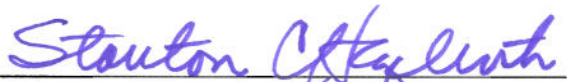
PASSED, APPROVED, AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on August 24, 2010 by the following vote:

AYES: BRYANT, LUJANO, BERTE, LEONARD

NOES: NONE

ABSENT: RICE

ABSTAIN: NONE


Stanton C. Hazelroth, Executive Director

Attest:



Roma Cristia-Plant,
Secretary of the Board of Directors